

Message Text

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ACTION EUR-12

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PASS COMMERCE (DWYER)

E.O. 11652: N/A
TAGS: EFIN, OECD
SUBJECT: ROLE OF OECD INSURANCE COMMITTEE

REF: (A) OECD PARIS 37939, (B) C(74)37

1. CURRENTLY "DORMANT" STATUS OF OECD INSURANCE COMMITTEE (IC) DERIVES FROM LESSON LEARNED IN 1974 (REF B) THAT FURTHER LIBERALIZATION OF INSURANCE IN OECD DOES NOT APPEAR POSSIBLE UNTIL EC MEMBERS HAVE ACHIEVED SUFFICIENT PROGRESS IN ATTEMPTS TO HARMONIZE THEIR INSURANCE REGULATIONS TO BE PREPARED PROCEDURALLY TO UNDERTAKE COMMITMENTS IN OECD. IN THE LIGHT OF EXPERIENCE OF RECENT MEETING OF IC (REF A), MISSION SUGGESTS THAT IT WOULD BE USEFUL FOR INTERESTED WASHINGTON AGENCIES TO CONSIDER DURING COMING YEAR HOW IC MIGHT BEST BE USED TO ADVANCE US INTERESTS.

2. IN PRESENT STATUS, WITH ONLY PRO FORMA SUPPORT FROM SECRETARIAT SINCE STAFF POSITION (IN FINANCIAL AND LIMITED OFFICIAL USE

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FISCAL DIRECTORATE) SERVING THIS BODY WAS ELIMINATED IN 1976 BUDGET, IC SERVES ONLY AS INFORMATION EXCHANGE FORUM AND INFORMALLY, ALBEIT WITH APPARENTLY USEFUL EFFECT (REF A), AS MEANS OF INFLUENCING ONGOING EC DISCUSSIONS ON INSURANCE DIRECTIVES TOWARD REDUCING OR ELIMINATING PROVISIONS WHICH WOULD IMPINGE ON COMPETI-

TIVE POSITION OF THIRD COUNTRY FIRMS IN INSURANCE FIELD. WHILE MISSION DOES NOT POSSESS TECHNICAL EXPERTISE ON INSURANCE QUESTIONS AND MAY NOT BE AWARE OF ALL PERTINENT CONTACTS WITH EC COMMISSION AND MEMBER STATES, WE SEE POTENTIAL UTILITY IN MORE EXPLICIT AND FORMAL USG INTERVENTIONS IN IC ON EC DIRECTIVES, IN CONJUNCTION WITH OR PERHAPS MERELY SUPPLEMENTING DEMARCHES IN BRUSSELS AND BILATERALLY IN EC CAPITALS. ABSENCE OF FEDERAL-LEVEL SUPERVISORY RESPONSIBILITY IN INSURANCE AREA ADMITTEDLY COMPLICATES ANY US EXECUTIVE BRANCH COORDINATION OF US INTERESTS, BUT IMPORTANCE OF INTERNATIONAL ASPECTS OF INSURANCE AND ITS LIBERALIZATION SEEMS CLEAR. INSURANCE PAYMENTS AND RECEIPTS CONSTITUTE A SIGNIFICANT ITEM IN US INTERNATIONAL ACCOUNTS (QUITE APART FROM THE MUCH LARGER SUMS REPRESENTED BY THE VALUE OF FOREIGN TRADE AND INVESTMENT INSURED), AND ENHANCEMENT OF COMPETITION THROUGH INCREASED ACCESS OF HEALTHY FOREIGN FIRMS WOULD BENEFIT CONSUMERS.

3. AS EC PROGRESSES WITH ITS INSURANCE DIRECTIVES AND IF THERE IS EVIDENCE THAT EC IS MAKING OR IS PREPARED TO MAKE PROVISIONS FOR THIRD COUNTRY INTERESTS, CONSIDERATION MIGHT BE GIVEN AT LATER STAGE TO REACTIVATION OF IC TO FOSTER ENHANCED OECD-WIDE COOPERATION. THIS WOULD PROBABLY ENTAIL, AS WELL, REACTIVATION OF THE COMMITTEE ON INVISIBLE TRANSACTIONS' WORK IN THE INSURANCE AREA--WHICH IS CURRENTLY SUSPENDED. IC REACTIVATION WOULD ALSO IMPLY RESTORATION OF ABOVE-NOTED SECRETARIAT STAFF POSITION.

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4. ACTION REQUESTED: WASHINGTON REACTIONS AND GUIDANCE.
KATZ

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Message Attributes

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